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Moscow's Changing Attitude Toward Iran*NSC**not used*

Moscow's current attempts to improve relations with peripheral countries is increasingly apparent in the USSR's tactics toward Iran, where political deterioration increases the Kremlin's opportunities to gain greater influence. The USSR appears to be trying to undermine Mossadeq's attempt to remain neutral in the East-West struggle. In the long run, the Russians hope to orient Iran to the USSR. The Soviet leaders probably count on the Tudeh party to aid these tactics and provide the long-range possibility for an internal coup.

There are indications that the Kremlin is prepared to settle some of the outstanding Soviet-Iranian differences at no great expense to the USSR. The new Soviet regime may even offer Mossadeq some form of alliance as an alternative to his isolation and impasse with Great Britain.

Moscow may already have broached a proposed settlement for some of these differences during recent meetings with Mossadeq. These may include: (1) the return of \$12,000,000 of Iranian gold seized by the USSR during World War II, (2) several unsettled border disputes, (3) some 1,000 Iranian nationals held by the USSR, and (4) the disposal of the disputed Caspian fisheries property now under Iranian jurisdiction. The Iranian government has also frequently complained about the "military interference" clauses in the 1921 Soviet-Iranian Friendship Treaty. Moscow could agree to alter these without great sacrifice. The Kremlin can also woo Mossadeq with additional trade possibilities with the Orbit - a

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particularly attractive idea for Iran in view of its weak economic position. Orbit trade with Iran had already increased to \$27,000,000 each way in 1952.

Even partial settlement of these issues would be an outstanding political victory for Mossadeq. If the settlement were accompanied by or dependent on a non-aggression pact with Moscow, Mossadeq would probably be willing to accept, even at the price of expelling the US military mission. Nonetheless, Mossadeq is aware that the USSR is a traditional threat, and he will probably continue his attempts to maintain a neutral policy which ^{he} ~~is~~ considers will best serve Iran's interests.

Although Mossadeq's strength in Iran has been increasingly weakened, he appears to feel that his successful ouster of the British has increased his capability in negotiations with the USSR. He has consistently insisted that he is capable of handling the Tudeh Party which to date has not opposed him.

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I. Soviet Tactics Toward Iran

- A. New Soviet regime seeks to better relations with countries on USSR periphery:
 1. Conditions in Iran favorable for Communist influence.
 2. Possibility of Communist take-over increases as political disintegration continues.
 3. USSR counts on Tudeh.
- B. Soviet "softer" tactics are probably designed to:
 1. Undermine Mossadeq's neutral policy.
 2. Relieve his isolation by offering him an alternative to a western alliance.
- C. Soviet ambassador to Iran may already have broached settlement of some issues with Mossadeq:
 1. \$12,000,000 of Iranian gold held in USSR.
 2. "Military interference" provisions of 1921 Soviet-Iranian Friendship Treaty.
 3. Caspian Fisheries property.
 4. Unsettled border disputes.
 5. Approximate 1,000 Iranian nationals in USSR.
 6. Increased trade with Orbit. (\$27,000,000 each way in 1952)
- D. Mossadeq's position:
 1. A settlement with Moscow would be a political victory.
 2. Mossadeq might expel American military missions as a price of a settlement.
 3. USSR is traditional threat to Iran.
 4. He feels that he can safeguard Iran's interests in any negotiations.

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